



# Tantalus

HARNESS THE POWER OF DATA

**Investor Presentation**

CEM Whistler

TSX:GRID

February 10, 2024

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# Well-Positioned to Modernize the Distribution Grid

Helping utilities Harness the Power of Data



## PURPOSE

285+

utilities within a  
growing user  
community

125+

Dedicated  
employees  
across Canada &  
US

20+

channel partners  
to support sales  
growth

3.5M

connected  
devices deployed



## SCALABILITY

US\$40M+

TTM revenue as of  
9/30/23

35%

revenue from  
software &  
services

US\$11M+

annual recurring  
revenue

50%+

gross profit margin  
and running at  
neutral Adj.  
EBITDA



## RELATIONSHIPS





# The Grid Modernization Mandate is Massive

**60%**

of the North American  
electrical grid past its 50-year  
life expectancy

**\$2T**

utilities will spend  
between now and 2030 to  
address the challenge

**\$500B**

Already allocated through  
stimulus programs that  
cover Tantalus solutions



# Elements of the Grid Modernization Initiative (GMI)

The **MODERN GRID** must have:

Greater **RESILIENCY**  
to hazards of all types

Improved **RELIABILITY**  
for everyday operations

Enhanced **SECURITY**  
from an increasing and  
evolving number of threats

Additional **AFFORDABILITY**  
to maintain our economic prosperity

Superior **FLEXIBILITY**  
to respond to variability and  
uncertain conditions

Increased **SUSTAINABILITY**  
through energy-efficient and  
renewable resources



# The real problem

You can't modernize the grid  
without truly interoperable data



# A Technology Platform that Delivers Interoperability



## Tantalus Grid Modernization Platform™

### Analytics

TRUGrid™ Automation family of analytics solutions  
(including TRUGrid™ Transformer and TRUGrid™ Reliability)

### Applications

Applications that target specific outcomes, including  
restoration, voltage reduction, wildfire mitigation, and more

### Grid Data Management System

TRUSync™, which automates grid data integration  
across *any* device, system or vendor

### Communications Network

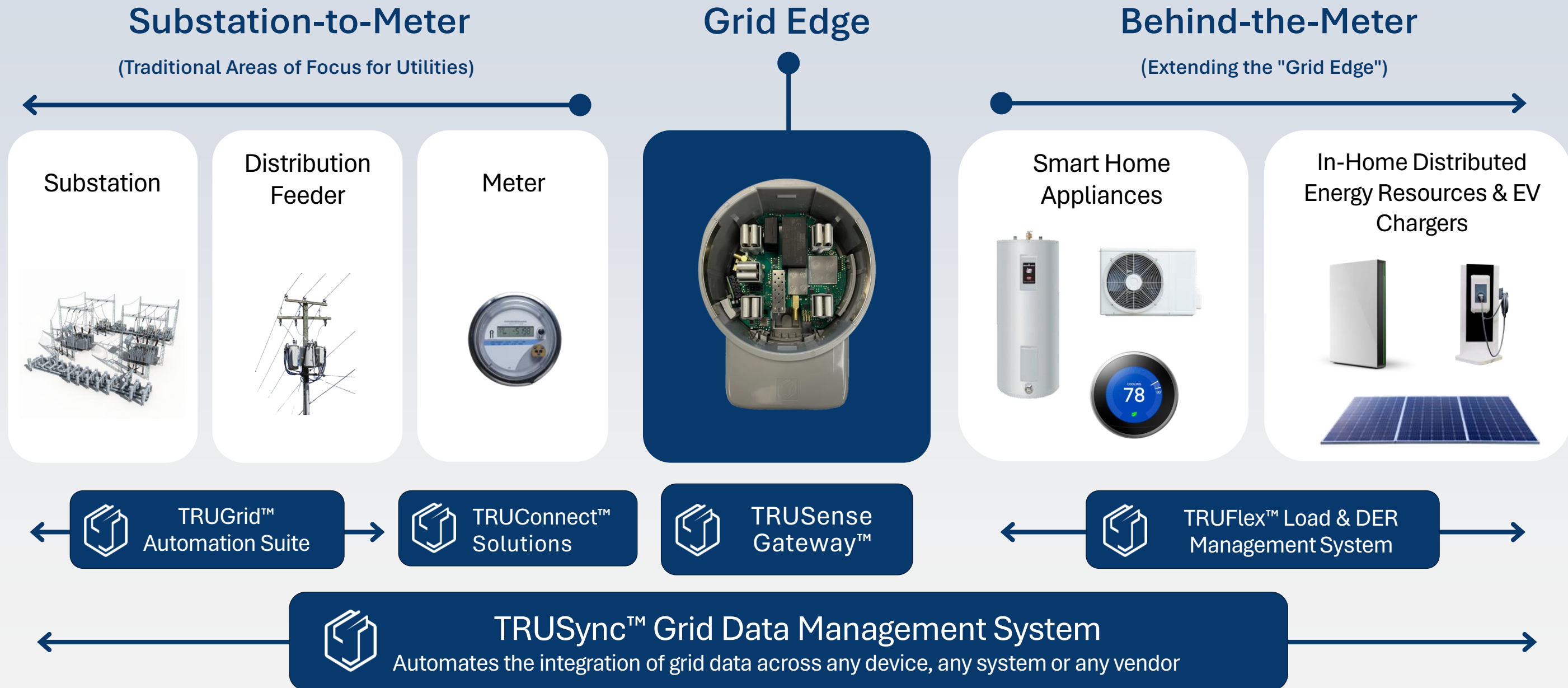
TRUConnect™ Network (formerly TUNet)

### Connected Devices

TRUConnect™ family of endpoint devices  
(includes TRUSense Gateway™ and TRUEdge™ devices)



# A Unified Set of Solutions to Accelerate Modernization





# TRUSense Gateway: Extending the Edge of the Grid

## First-Mover Advantage

Combines four high-value use cases  
Market-leading sensing capabilities  
Extends the edge of the grid  
Designed by utilities for utilities

## Use Cases

Advanced Metering Infrastructure 2.0  
Advanced power quality measurement  
Integration of EVs/DERs located behind-the-meter  
Supports broadband initiatives



## Major Milestones

Fiber Gateway – complete UL Certification  
Ethernet Gateway – complete ETL Certification  
Cellular Gateway – complete FCC Certification

## Available for Sale

Fiber – expected to be in the market during Q1 '24  
Ethernet – expected to be in the market during Q2 '24  
Cellular – expected to be in the market during Q2 '24



# TRUSense Gateway: Massive Growth Catalyst



**\$150M**

identified incremental  
revenue over next 5-7 years

**\$1B**

approximate  
broader pipeline

**\$10B**


Total Addressable Market

**10-15%**

growth rate of existing  
Tantalus business







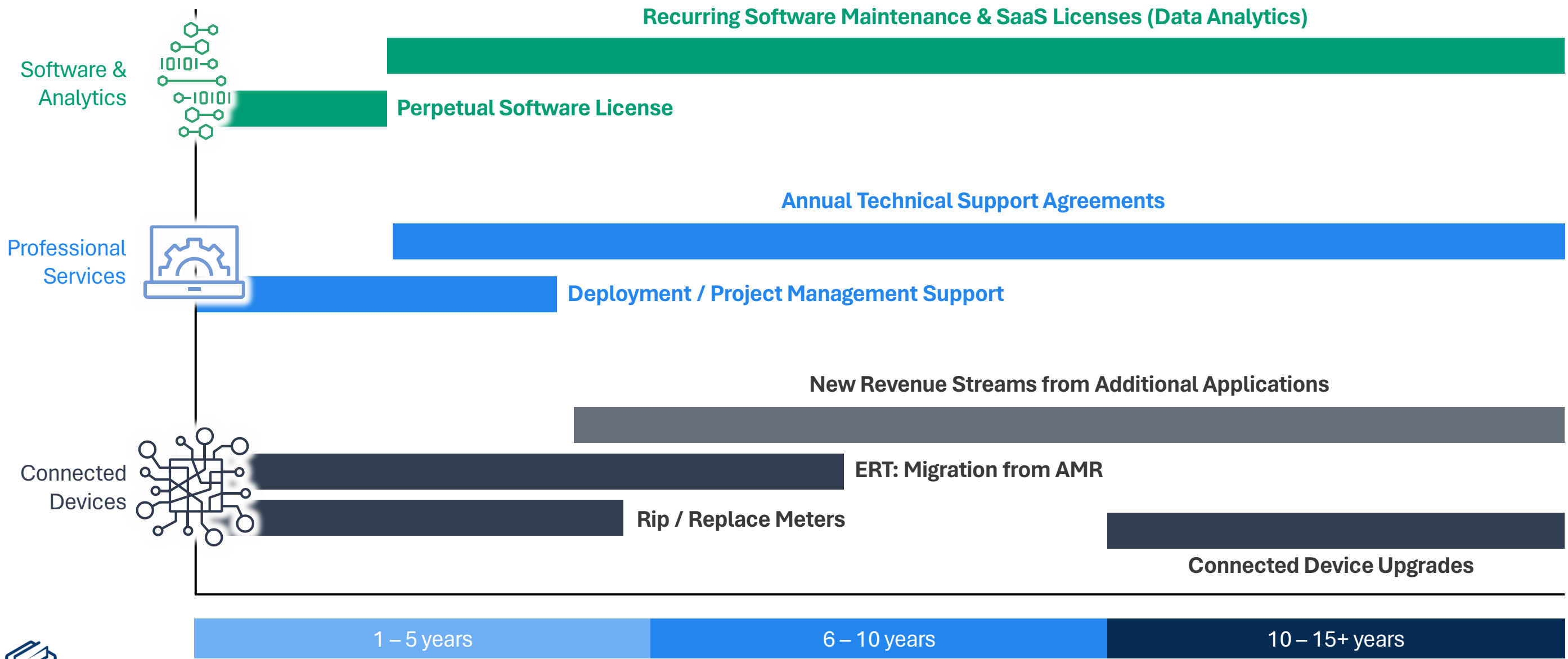
# **Financial Summary Through September 30, 2023**





# How Tantalus Generates Revenue

Connected devices lead to recurring revenue over 12 – 15 years



# Key Milestones Delivered Through Q3, '23

Achieved several financial, operational and R&D milestones during the first nine months of 2023



## Financial

- Revenue growth of 12% over prior year period & 25% on a TTM basis
- Set a milestone for revenue generated during 1<sup>st</sup> nine months of a year
- Maintained strong Gross Profit Margin @ 53% in Q3
- Delivered positive Adjusted EBITDA in Q3
- Balance sheet remains sufficient to support ongoing operations



## Operational

- Converted 14 utilities YTD, expanding our user community to 285 utilities
- Set a milestone for orders converted during the first nine-months of a year at \$27.6M
- Continue to witness growing interest in the TRUSense Gateway and C.IQ capabilities

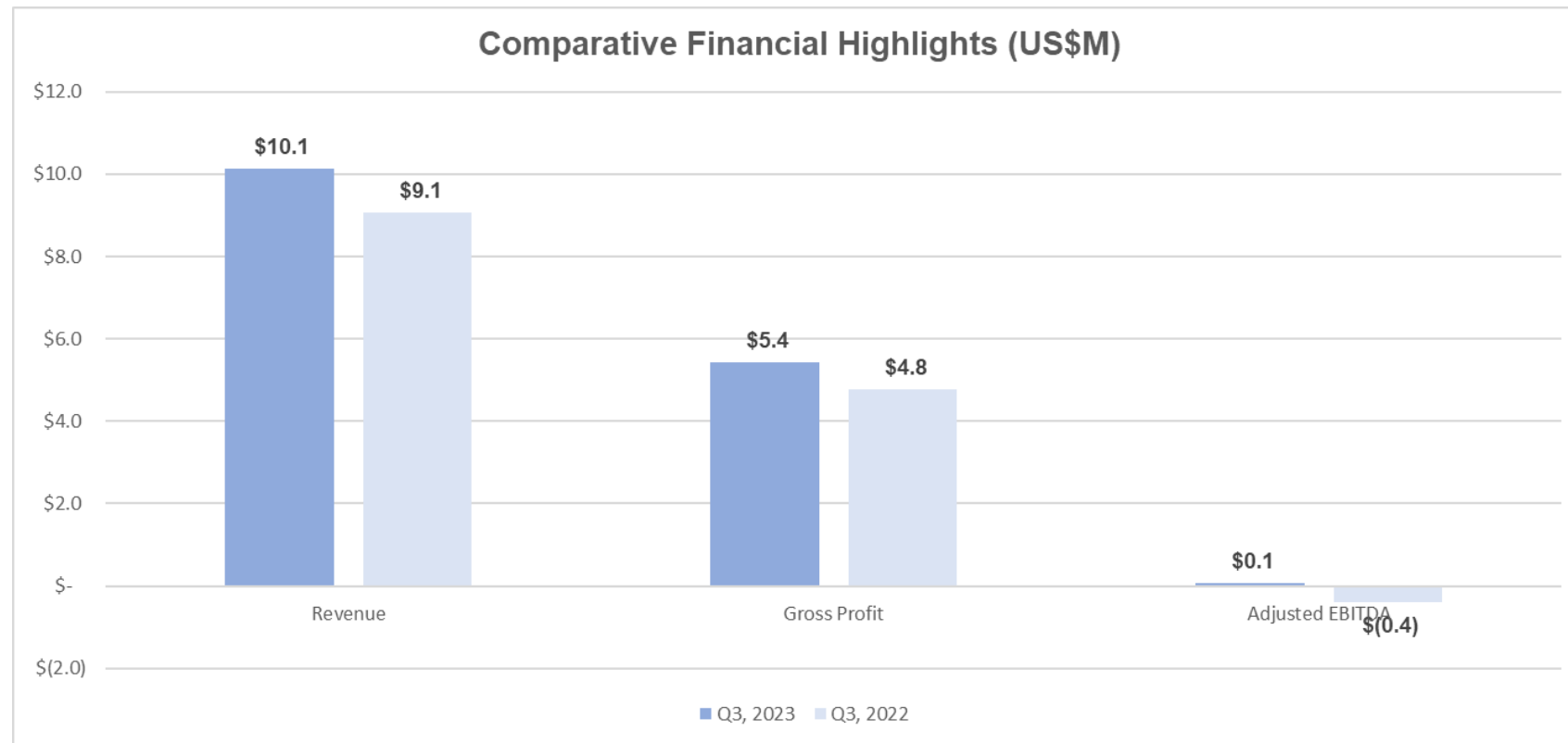


## R&D

- Expanded field trials of the TRUSense™ Fiber Gateway while awaiting UL Certification
- Secured contracts / orders from 18 utilities for our Analytics offerings (~\$300k ARR)
- Continue to make good progress on key pilots and pursuits for Congruitive's software



# Q3 Income Statement Summary

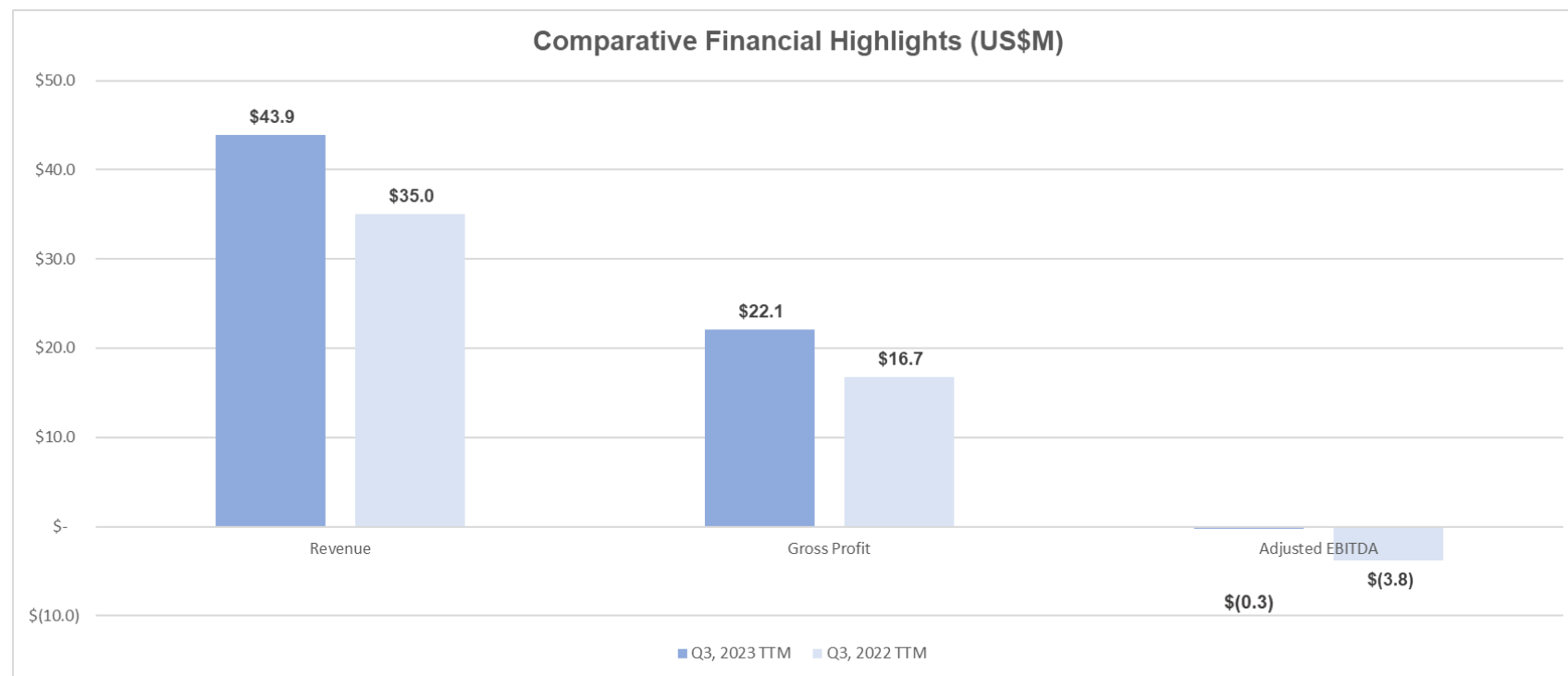


- Revenue growth of 12% over prior year period
- Revenue from Software & Services represented 37% of total revenue in the quarter
- Recurring revenue represented 25% of total revenue in the quarter with 18% growth over prior year period
- ARR stands at approximately \$11M as of 9/30/23
- Maintained strong Gross Profit Margin of 53%





# Trailing Twelve-Month (TTM) Income Statement Summary



- Revenue growth of 25% over the prior TTM period
- Software & Services revenue of \$15.0M with contribution of 34%
- Recurring revenue contributed 23% of total revenue with 22% growth over prior TTM period
- Delivered 50% Gross Profit Margin over prior TTM period
- Improved Adjusted EBITDA while investing in the TRUSense Gateway, Congruitive software platform and our data analytics capabilities



# Balance Sheet & Working Capital Management

## ARR

- Majority of ARR collected in Q1 to support working capital
- Historically witness low-point for cash in Q3 due to timing of deferred revenue

## Cash Management

- Majority of accounts receivable insured by EDC
- Days sales outstanding (DSO) target of 50 days

## Inventory Management

- Contract manufacturer funds majority of product/component working capital until shipment date
- Inventory turnover ratio target of 3.0x
- Days payable outstanding (DPO) target 90 days

## Comerica Debt Facility

- Annual revolver in place since 2012 (renewals in February)
- US\$8.5M subject to borrowing base calculation
- Interest of US Prime plus 2%

## EDC Term Loan

- Secured six-year term loan in June 2023, interest only for first 18 months
- US\$7.0M loan
- No dilutive securities / warrants
- Interest of US Prime plus 5%



# Capitalization Overview

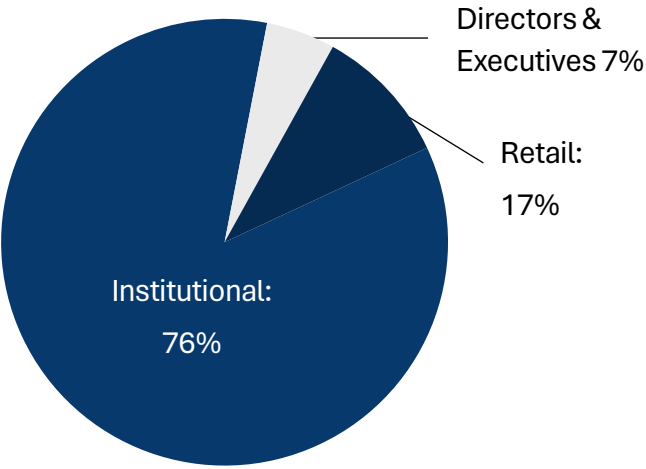


## TSX-Listed, Symbol: GRID

Share Price*	C\$0.84	Debt (as of 9/30/23)	US\$10.4M
Market Cap	C\$37.9M		
52 Week H/L	C\$1.23/C\$0.68		<ul style="list-style-type: none"><li>Beacon Securities: Gabriel Leung</li><li>Canaccord Genuity: Yuri Lynk</li><li>Cormark Securities: Jesse Pytlak</li><li>Haywood Securities: Gianluca Tucci</li><li>Paradigm Capital: Daniel Rosenberg</li></ul>
Shares Outstanding	44.6M	Analyst Coverage	
Fully Diluted	51.8M		
Cash (as of 09/30/23)	US\$4.2M	Consensus Analyst Target Price	C\$2.27

\*As of February 7, 2024

## Shareholders





# Experienced Leadership Team with a Successful Track Record

## Management

Peter Londa  
CEO & Board Member



George Reznik  
CFO



Michael Julian  
CRO



Doug Campbell  
CSO



Michael Grandis  
General Counsel



Tom Allen  
EVP Product Development



## Board

Laura Formusa  
Chair



Dr. Francis Harvey  
Board Member



John McEwen  
Board Member



Tom Liston  
Board Member



Greg Williams  
Board Member



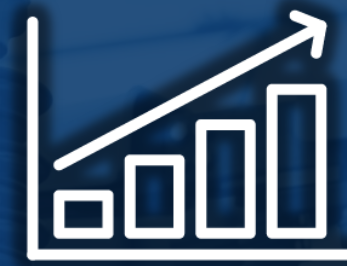
# Why Invest in Tantalus?



**Substantive business with favorable macro drivers that support long-term growth trajectory**



**Significant user community + with differentiated solutions that are driving ARR**



**TRUSense Gateway provides a substantial growth opportunity**





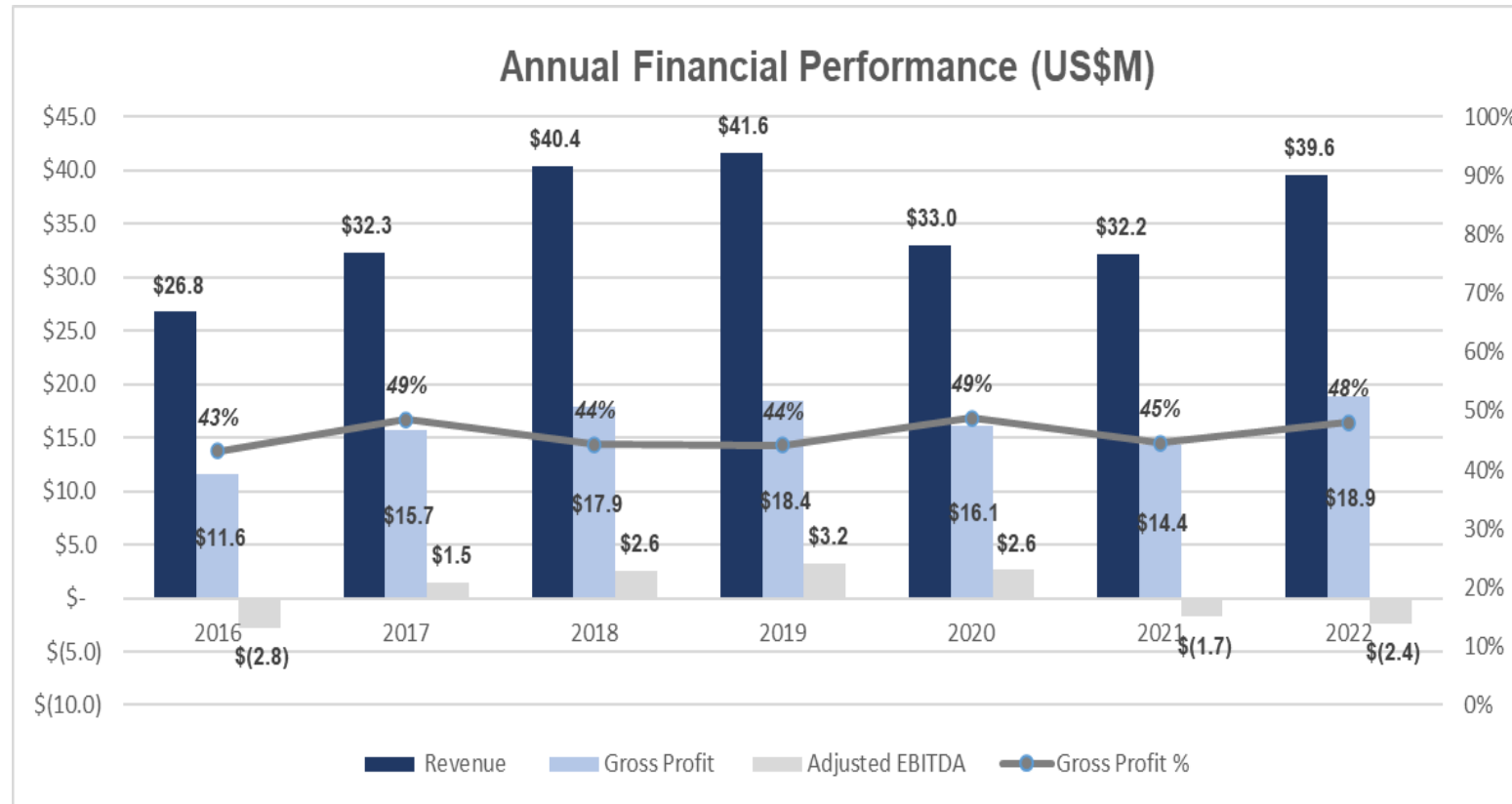


**Questions?**  
[plonda@tantalus.com](mailto:plonda@tantalus.com)



# Building Momentum for GRID

User community leads to solid visibility into our annual revenue profile



## Annual Revenue Trend

- 2016 – 2019: Grew revenue organically by scaling our user community and driving additional software & services revenue (began witnessing the impact of COVID-19 in China on our supply chain (Q4 '19))
- 2020 – 2021: Impacted by COVID-19 and subsequent supply chain disruptions of electronic components / semiconductors
- 2022: Generated 23% revenue growth with a record Q4

## Financial Summary

- Delivered Positive EBITDA for 18 consecutive quarters from Q1 '17 – Q2 '21 prior to initiating the TRUSense Gateway R&D effort & acquiring Congruitive (software capability for the TRUSense Gateway)
- 2021 OPEX impacted by public company expenses, loss of SR&ED and increased R&D + Sales/Marketing for the TRUSense Gateway
- 2022 OPEX impacted by the acquisition of Congruitive and ongoing R&D + Sales/Marketing for the TRUSense Gateway
- Strong Gross Profit Margin leads to operating leverage
- ARR @ \$11.0M as of 9/30/23



# Increasing Annual Recurring Revenue

CAGR of approximately 20%

## Annual Recurring Revenue (ARR)

- Comprised of SaaS subscriptions, term-based software licenses, software maintenance, technical support and hosting services
- ARR is a subset of total software & services revenue at point of time at approximately \$11M as of 9/30/23

